



Reprinted  
February 4, 2002

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## SENATE BILL No. 441

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DIGEST OF SB 441 (Updated February 1, 2002 11:57 AM - DI 97)

**Citations Affected:** IC 27-1.

**Synopsis:** Property and casualty premium increase disclosure. Requires an insurer to give proper notice before increasing the premium for certain commercial property and casualty policies by more than 30%.

**Effective:** July 1, 2002.

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**Paul, Mrvan**

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January 14, 2002, read first time and referred to Committee on Insurance and Financial Institutions.  
January 28, 2002, amended, reported favorably — Do Pass.  
February 1, 2002, read second time, amended, ordered engrossed.

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SB 441—LS 7224/DI 97+



Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

## SENATE BILL No. 441

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 27-1-31-4 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2002]: **Sec. 4. (a) As used in this section, "exempt commercial**  
4 **policyholder" means an entity that:**

5       **(1) has purchased a policy through an insurance producer**  
6 **licensed under IC 27-1-15.6; and**

7       **(2) meets any three (3) of the following criteria:**

8       **(A) Has a net worth of more than twenty-five million**  
9 **dollars (\$25,000,000) at the time the policy is issued.**

10       **(B) Has a net revenue or sales of more than fifty million**  
11 **dollars (\$50,000,000) in the preceding fiscal year.**

12       **(C) Has more than twenty-five (25) employees per**  
13 **individual company or fifty (50) employees per holding**  
14 **company aggregate at the time the policy is issued.**

15       **(D) Has aggregate annual commercial insurance**  
16 **premiums, excluding professional liability insurance**  
17 **premiums, of more than seventy-five thousand dollars**

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1 (\$75,000) in the preceding fiscal year.

2 (E) Is a nonprofit or public entity with an annual budget of  
3 at least twenty-five million dollars (\$25,000,000) or assets  
4 of at least twenty-five million dollars (\$25,000,000) in the  
5 preceding fiscal year.

6 (F) Procures commercial insurance with the services of a  
7 risk manager.

8 (b) As used in this section, "risk manager" means a person  
9 qualified to assess an exempt commercial policyholder's insurance  
10 needs and analyze and negotiate a policy on behalf of an exempt  
11 commercial policyholder. A risk manager may be:

12 (1) a full-time employee of an exempt commercial  
13 policyholder who is qualified through education and  
14 experience or training and experience; or

15 (2) a person retained by an exempt commercial policyholder  
16 who holds a professional designation relevant to the type of  
17 insurance to be purchased by the exempt commercial  
18 policyholder.

19 (c) The written or electronic notice required under subsection  
20 (d) does not apply to:

21 (1) an increase to the premium charged for continuation of a  
22 policy beyond the anniversary date of the policy or renewal of  
23 a policy when:

24 (A) the insured is an exempt commercial policyholder; or

25 (B) the policy is an umbrella or excess policy; or

26 (2) a premium increase that results from a change that:

27 (A) is based on an action of the insured; and

28 (B) alters the nature or extent of the risk insured against;  
29 including a change in the classification or the units of  
30 exposure or increased policy coverage.

31 (d) Except as provided in subsection (c), an insurer that intends  
32 to apply an increase of more than thirty percent (30%) to the  
33 premium charged for:

34 (1) continuation of a policy beyond the anniversary date of the  
35 policy; or

36 (2) renewal of a policy;

37 shall send to the insured prior written or electronic notice  
38 specifying that there will be an increase of more than thirty  
39 percent (30%) in the premium that will be charged for the policy  
40 after the anniversary date or upon renewal of the policy.

41 (e) If an insurer described in subsection (d) sends to the first  
42 named insured the written or electronic notice required under



1 subsection (d) more than twenty-nine (29) days before the  
2 anniversary date or the expiration date of a policy, the insurer may  
3 apply the premium increase of more than thirty percent (30%) to  
4 continued coverage under:

- 5 (1) the policy beyond the anniversary date; or  
6 (2) a renewal;

7 of the policy.

8 (f) If an insurer described in subsection (d) sends the written or  
9 electronic notice required under subsection (d) less than thirty (30)  
10 days before the anniversary date or the expiration date of a policy,  
11 the insurer may apply the premium increase of more than thirty  
12 percent (30%), effective thirty (30) days after the insurer sends the  
13 written or electronic notice, to continued coverage under:

- 14 (1) the policy beyond the anniversary date; or  
15 (2) a renewal;

16 of the policy. The premium charged for coverage under the policy  
17 during the period between the anniversary or renewal date and the  
18 effective date of the premium increase shall be a pro rata premium  
19 calculated using the same unadjusted rate and rating plan that  
20 applied to the prior policy term.

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SENATE MOTION

Mr. President: I move that Senator Mrvan be added as coauthor of Senate Bill 441.

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 441, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 3, delete "An" and insert **"As used in this section, "exempt commercial policyholder" means an entity that:**

**(1) has purchased a policy through an insurance producer licensed under IC 27-1-15.6; and**

**(2) meets any three (3) of the following criteria:**

**(A) Has a net worth of more than twenty-five million dollars (\$25,000,000) at the time the policy is issued.**

**(B) Has a net revenue or sales of more than fifty million dollars (\$50,000,000) in the preceding fiscal year.**

**(C) Has more than twenty-five (25) employees per individual company or fifty (50) employees per holding company aggregate at the time the policy is issued.**

**(D) Has aggregate annual commercial insurance premiums, excluding professional liability insurance premiums, of more than seventy-five thousand dollars (\$75,000) in the preceding fiscal year.**

**(E) Is a nonprofit or public entity with an annual budget of at least twenty-five million dollars (\$25,000,000) or assets of at least twenty-five million dollars (\$25,000,000) in the preceding fiscal year.**

**(F) Procures commercial insurance with the services of a risk manager.**

**(b) As used in this section, "risk manager" means a person qualified to assess an exempt commercial policyholder's insurance needs and analyze and negotiate a policy on behalf of an exempt commercial policyholder. A risk manager may be:**

**(1) a full-time employee of an exempt commercial policyholder who is qualified through education and experience or training and experience; or**

**(2) a person retained by an exempt commercial policyholder who holds a professional designation relevant to the type of insurance to be purchased by the exempt commercial policyholder.**

**(c) The written or electronic notice required under subsection (d) does not apply to:**

**(1) an increase to the premium charged for continuation of a**

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policy beyond the anniversary date of the policy or renewal of a policy when:

- (A) the insured is an exempt commercial policyholder; or
- (B) the policy is an umbrella or excess policy; or
- (2) a premium increase that results from a change that:
  - (A) is based on an action of the insured; and
  - (B) alters the nature or extent of the risk insured against; including a change in the classification or the units of exposure or increased policy coverage.

(d) Except as provided in subsection (c), an".

Page 1, line 4, delete "fourteen percent (14%)" and insert **"thirty percent (30%)"**.

Page 1, line 8, delete "provide" and insert **"send"**.

Page 1, line 8, after "written" insert **"or electronic"**.

Page 1, line 8, after "specifying" insert **"that there will be an increase in"**.

Page 1, line 11, delete "(b)" and insert **"(e)"**.

Page 1, line 11, delete "(a) provides" and insert **"(d) sends to the first named insured"**.

Page 1, line 11, after "written" insert **"or electronic"**.

Page 1, line 12, delete "(a) to an insured" and insert **"(d)"**.

Page 1, line 13, delete "forty-four (44)" and insert **"twenty-nine (29)"**.

Page 1, line 15, delete "fourteen percent (14%)" and insert **"thirty percent (30%)"**.

Page 2, line 2, delete "(c)" and insert **"(f)"**.

Page 2, line 2, delete "(a) provides" and insert **"(d) sends"**.

Page 2, line 2, after "written" insert **"or electronic"**.

Page 2, line 3, delete "(a)" and insert **"(d)"**.

Page 2, line 3, delete "forty-five (45)" and insert **"thirty (30)"**.

Page 2, line 4, delete "but more than fifteen (15) days".

Page 2, line 5, delete "shall not apply an increase" and insert **"may apply the premium increase of more than thirty percent (30%), effective thirty (30) days after the insurer sends the written or electronic notice, to continued coverage under:**

- (1) the policy beyond the anniversary date; or
- (2) a renewal;

of the policy. The premium charged for coverage under the policy during the period between the anniversary or renewal date and the effective date of the premium increase shall be a pro rata premium calculated using the same unadjusted rate and rating plan that applied to the prior policy term."



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Page 2, delete lines 6 through 35.  
and when so amended that said bill do pass.  
(Reference is to SB 441 as introduced.)

PAUL, Chairperson

Committee Vote: Yeas 7, Nays 2.

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SENATE MOTION

Mr. President: I move that Senate Bill 441 be amended to read as follows:

Page 2, line 38, after "increase" insert "**of more than thirty percent (30%)**".

(Reference is to SB 441 as printed January 29, 2002.)

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